

Huveaux PLC

AUDIT COMMITTEE

Terms of Reference

Constitution

1. Pursuant to the authority provided under the Company's Articles of Association, the Board hereby unanimously resolves to establish a Committee of the Board to be known as the Audit Committee ("the Committee").

Membership and Quorum

2. The Committee members shall be appointed by the Board and comprise only Non-Executive Directors, all of whom will be Independent of the Company. The Chairman of the Company should not serve as a member of the Committee. "Independent" for the purposes of these Terms of Reference shall have the same meaning as prescribed under Code Provisions A.3.1 and B.2.1 of the Combined Code on Corporate Governance published in July 2003 (the "Code"). Directors who are not Committee members may attend Committee meetings, at the invitation of the Committee.
3. The Committee shall comprise at least two members and the quorum shall be two members. At least one member shall have recent and relevant experience as required by the Combined Code on Corporate Governance as published in July 2003.
4. The Chairman of the Committee shall be appointed by the Board.
5. The Company Secretary or his/her nominee shall act as Secretary of the Committee.
6. The Chairman and the other members of the Committee will be disclosed in the Company's Annual Report and Accounts. Terms of Reference and membership of the Committee may be made available to any persons upon request and may also be included upon the Company's website.

Frequency of Meetings and Attendance

7.
 - (a) Meetings shall be held at least twice times a year or at such other times as may be deemed appropriate by the Committee. The external auditors and the Company Secretary may request a meeting of the Committee at any time if they consider that one is desirable;
 - (b) Directors who are not Committee members may attend Committee meetings, subject to (c) below, at the invitation of the Committee;
 - (c) At least one Committee meetings per year shall take place with the Company's external auditors in attendance but at which no executive director or member of management (excluding, at the discretion of the Chairman of the Committee, the Secretary and his/her nominee) shall be present;
 - (d) The Committee shall meet separately with the Company Secretary at least once per year;
 - (e) Subject to (c) above, the Chief Executive Officer and Finance Director and representatives of the external auditors shall also attend Committee meetings as necessary.

- (f) The Chairman of the Committee (or failing him/her, a nominee who shall be a member of the Committee) shall attend Annual General Meetings of the Company.

Authority

8. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee (whether by personal attendance or otherwise) and all employees are directed to co-operate with any request made by the Committee.
9. The Committee is authorised by the Board to obtain outside legal or other independent professional advice in the fulfilment of its duties and to secure the attendance of outsiders with relevant experience and expertise (all of which shall be at the Company's expense) at Committee meetings if it considers this necessary.

Duties

10. The Committee will:-
- (a) maintain a policy on non-audit work and on pre-approval procedures for audit and other services which shall be appended to these terms of reference and updated annually.
 - (b) consider and make recommendations to the Board for the appointment of the external auditors, their fees for both audit and non-audit work, their on-going independence and objectivity and any question of their resignation or dismissal ensuring that key partners are rotated at appropriate intervals;
 - (c) where the external auditors also supply non-audit services to the Company, the Committee shall pre-approve such services, keep the nature and extent of such services under review and seek to balance the maintenance of objectivity and value for money;
 - (d) review at least annually management's relationship with the external auditors;
 - (e) discuss with the external auditors before the audit commences the nature and scope of the audit and review the auditors' quality control procedures and steps taken by them to respond to changes in regulatory and other requirements;
 - (f) consider and make recommendations to the Board as to any changes in accounting policies and practice to be applied to the Group's annual accounts and interim statements;
 - (g) review the annual report and accounts, the preliminary announcement and interim statement in draft form and report thereon to the Board;
 - (h) receive the annual Management Letter from the Company's external auditors and review management's response thereto;
 - (i) review with the Company's external auditors the scope, results and cost effectiveness of their interim reviews and annual audits and discuss the same with management or the external auditors (in the absence of management, where necessary);
 - (j) review, at least annually, the on-going suitability of the Company's internal audit function, if any, ensuring that it has adequate resource and appropriate standing;

- (k) at least once a year review the effectiveness of the Group's system of internal financial, operational and compliance controls, report to the Board appropriately and review the Directors' annual statement of corporate governance, if any, prior to its consideration by the Board;
- (l) at least [once] a year review the work programme and the internal control and risk management systems of the group and provide objective recommendations to the Board as to the adequacy and effectiveness of such framework;
- (m) deal with all complaints regarding accounting, internal accounting controls or auditing matters;
- (n) consider management's response to any major external or internal audit recommendations;
- (o) approve the company's procedures, if any, for handling allegations in confidence and anonymously from whistleblowers;
- (p) review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
 - i critical accounting policies and practices, and any changes in them
 - ii decisions requiring a major element of judgement
 - iii the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - iv the clarity of disclosures
 - v significant adjustments resulting from the audit
 - vi the going concern assumption
 - vii compliance with accounting standards
 - viii compliance with stock exchange and other legal requirements
 - ix reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company; and
- (q) consider other topics, as defined by the Board.

Proceedings

11. The meetings and proceedings of the Committee shall be governed, by the provisions of the Company's Articles of Association regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations imposed by the Committee.
12. Not less than five days' prior notice of a meeting will be given - such notice to include the distribution of an agenda and supporting papers in respect thereof to all Committee members.
13. Minutes of Committee meetings will be circulated to all Committee members and other Board directors as soon as reasonably practicable after each meeting.
14. The Committee's remit shall be subject to review and approval by the Board at least annually.

Approved by the Board
24 April 2007

John van Kuffeler
Chairman